

ANNEX 16

of the Commission Implementing Decision on the 2016 Annual Action programme for the Partnership Instrument

Action Fiche for EU-China Cooperation on Carbon Capture and Storage Inception Phase

1. IDENTIFICATION

Title of the action	EU-China Cooperation on Carbon Capture and Storage: Inception Phase (short: EU China CCS cooperation)			
Country/ Region	China			
Total cost	Total estimated cost: EUR 1 000 000 Total amount of the EU contribution: EUR 1000 000			
Total duration ¹	36 months			
Method of implementation	Indirect management			
Markers (from CRIS DAC form)	Rio Convention Markers	Not targeted	Significant objective	Main objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate mitigation	<input type="checkbox"/>	<input type="checkbox"/>	X

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

The Global Strategy for the European Union's Foreign and Security Policy recommends that EU engage with China through cooperation on several areas, including climate action.

The proposed action is part of a longstanding cooperation between the EU and China on carbon capture and storage (CCS), which dates back to 2005.

Bringing down the CO₂ emissions of Chinese coal power-plants is vital for limiting global warming to 1.5 or 2 degrees Celsius, which is the main aim of the 2015 UNFCCC Paris Agreement.

¹ The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 12 months); (ii) the implementation of the action (12 months); (iii) the closure phase (indicatively 12 months)

Concretely, the action foresees the facilitation of EU-China sector dialogue on CCS and the drafting of detailed Terms of Reference (ToR) and cost estimates for feasibility studies for two planned CCS projects at coal fired power plants in Shengli and Tianjin.

Upon successful completion of this preparatory inception phase, co-financing of a feasibility study for one of these sites is envisaged under the Partnership Instrument, if the inception action will indicate that all conditions for such support are met. This may be accompanied by further sector-related expert cooperation, which will offer economic opportunities for European stakeholders.

2.2. Context

Carbon capture and storage, sometimes called carbon capture and sequestration, prevents large amounts of CO₂ from being released into the atmosphere. The approach involves capturing CO₂ produced by fossil-fuel power plants and other large industrial plants, compressing it for transportation and then injecting it deep into a rock formation at a carefully selected site, where it is permanently stored.² Its medium- to long-term deployment in China is generally considered necessary in most energy and emissions scenarios which keep the world at a maximum two degrees global warming pathway.³

The proposed action will be part of the long-standing China-EU Near Zero Emission Coal (NZEK) cooperation on CCS.⁴

NZEK started in 2005 and has so far consisted of phase I (identification) and IIA (pre-feasibility). In phase IIA, financed by NZEK co-donor Norway, pre-feasibility studies were conducted for three potential future CCS-sites in Shengli, Tianjin and Yuhuan respectively.

Upon completion of phase NZEK IIA, the Chinese Ministry of Science and Technology (MOST), as the main Chinese project partner, has proposed the two power-plant sites of Shengli and Tianjin for the next phase NZEK IIB (feasibility stage). An external CCS expert contracted by the European Commission has also recommended Shengli (proposed by national oil company China Petroleum and Chemical Corporation, hereafter referred to as Sinopec) and Tianjin (proposed by the power utility Huaneng) as suitable sites for CCS feasibility studies.

The planned Shengli CCS project would comprise the demonstration of a full-scale post-combustion CCS-technology at a recently completed supercritical coal-fired power plant owned by Sinopec. Advantages are that this technology can be retrofitted to existing power plants and thus, it has a huge potential for replication in China. The International Energy Agency recently estimated that China has a potential to retrofit about 300GW of existing coal-fired power plants with this technology. A second advantage is that the captured CO₂ could be injected in an

²<http://www.globalccsinstitute.com/content/understanding-carbon-capture-and-storage>

³For a recent overview on the debate see e.g. International Energy Agency (2015), Energy and Climate Change <https://www.iea.org/publications/freepublications/publication/WEO2015SpecialReportonEnergyandClimateChange.pdf>

⁴http://ec.europa.eu/clima/dossiers/nzek/index_en.htm

adjacent oil field also owned by Sinopec, using CO₂-enhanced oil recovery (CO₂-EOR).

In Tianjin, pre-combustion CCS technology is to be applied at an ultramodern coal-fired integrated gasification combined cycle power plant owned by Huaneng. The overall environmental performance is higher than in the Shengli case. However, further roll-out of the technology would be more difficult due to its complexity and currently still high costs, which make it applicable at this stage to a reduced number of sites. Additionally, the oilfield to be used for CO₂-EOR at Tianjin is owned by a third party (China National Petroleum Corporation/CNPC). There is no agreement yet between Huaneng and CNPC for the use of the oil field for CCS technology. An Asian Development Bank (ADB) pilot CCS project funded by the UK has already been started at Huaneng, with which this EU project will coordinate.

The costs for the necessary feasibility studies that are needed before implementing these two projects are very high (in the order of €20m each), due to their complexity and the newness of the CCS approach. A feasibility study for a CCS project includes detailed geological investigations and Front-End Engineering Design (FEED)⁵.

Due to these high costs, it has been considered likely that NZEC Chinese stakeholders and international partners (EU, UK, Norway) will be in a position to finance only one out of the proposed two feasibility studies. It has therefore been decided to split NZEC IIB into an inception phase of 12 months, to be covered by the proposed action, and an implementation phase of the feasibility study. The feasibility study is tentatively to be financed by the Partnership Instrument Annual Action Programme 2017.

The NZEC IIB inception phase, which is the subject of this Action Fiche, shall target both CCS sites Shengli and Tianjin to clarify which of them is the best location for the subsequent feasibility study. The two sites offer different technological approaches (post-combustion versus pre-combustion CCS) which are both relevant in the Chinese context. The drafting of two detailed ToRs is necessary to establish the exact costs of potential feasibility studies for the two locations, and to provide the basis for an informed decision by the EU and other international funding partners to concentrate funds on the most suitable and interesting site given their funding priorities, and given Chinese co-financing commitments which also have to be formalised during the inception phase. The ToR for the second CCS location which will not be taken forward to a feasibility study by the EU will also contribute to general CCS sector development in China. It can serve Chinese stakeholders when implementing a feasibility study and a subsequent CCS project from own funds or through international loans.

A positive outcome of the feasibility study for the selected site would lead to NZEC phase III, implementation. The original plan was to jointly implement a CCS project in China under NZEC until 2020. However, due to political, technical and organisational delays in the past, this deadline has become challenging.

⁵ FEED: Front-End Engineering Design study. FEED constitutes the technical part of a CCS feasibility study.

2.3. Lessons learnt

Balancing economic growth, energy security and ambitious climate change action in the spirit of the 2015 Paris Agreement is a challenge for all countries, and even more so for China, the most populous nation on earth, which has still to fulfil an ambitious anti-poverty agenda under in its current 13th Five Years Plan 2016-2020.⁶

China emits around 25% of global greenhouse gas emissions. Ambitious greenhouse gas mitigation (limitation/reduction) action in this country is therefore essential for achieving the ultimate objective⁷ of the United Nations Framework Convention on Climate Change (UNFCCC), and is also in the strong interest of EU climate policy.

The Chinese leadership is committed to strong mitigation action. According to China's Intended Nationally Determined Contribution (INDC) to the 2015 Paris climate conference⁸, China's CO₂ emissions per unit of GDP were 33.8% lower in 2014 as compared to 2005. The INDC foresees peaking of CO₂ emissions around 2030 at the latest, and to lower CO₂ emissions/GDP by 60-65% compared to 2005 by 2030.⁹ CCS is among the foreseen priority measures to implement these commitments.¹⁰

Given the high share of coal in the Chinese electricity production and the fact that the country accounted for a staggering 50% of global coal consumption in 2014¹¹, the Chinese government as well as the international community generally recognise CCS as a necessary ingredient of strong climate action in the country. The most recent policy document for the sector is the November 2015 'Roadmap for Carbon Capture and Storage Demonstration and Deployment'¹² by the Asian Development Bank (ADB) and the Chinese National Development and Reform Commission (NDRC). The Roadmap describes CCS as the only near-commercial technology currently available to cut up to 90% of CO₂ emissions from coal-based power plants.

The Roadmap describes the further roll-out of CCS in China until 2050. By 2014, nine CCS pilot projects were implemented in China, mainly in the power and coal-chemical sectors. Currently, according to the Roadmap, a 100,000 tonnes of CO₂ per year saline aquifer storage demonstration project and a 40,000 t/a capture and CO₂ EOR coal-fired power plant demonstration project are on-going. However, there is no national plan for CCS demonstration and deployment in China yet. Until such a plan is adopted, leading Chinese and ADB experts have drafted the Roadmap, in

⁶ One of the main objectives of the plan being 'helping lift out of poverty all rural residents falling below the current poverty line, and achieve poverty alleviation in all poor counties and areas.' See chapter 3 of the 13th Five Year Plan. Working translation provided by EU Delegation Beijing.

⁷ '...stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.' (UNFCCC 1992, article 2)

⁸ <http://www4.unfccc.int/submissions/INDC/Published%20Documents/China/1/China's%20INDC%20-%20on%2030%20June%202015.pdf>

⁹ The INDC also includes quantitative renewable energy and forest coverage targets.

¹⁰ '...strengthen research and development and commercialization demonstration for low-carbon technologies, such as energy conservation, renewable energy, advanced nuclear power technologies and carbon capture, utilization and storage and to promote the technologies of utilizing carbon, dioxide to enhance oil recovery and coal-bed methane recovery.' (INDC, p.13)

¹¹ https://www.iea.org/media/news/2015/press/151218_MTCMR15_Factsheet.pdf

¹² <http://www.adb.org/sites/default/files/publication/175347/roadmap-ccs-prc.pdf>

order to outline technical, legal, policy, financial and public engagement solutions that need to be implemented to move CCS from today's early demonstration projects to full-scale commercialization.

Despite strong arguments for CCS in China, it has to be noted that on an international scale the entire CCS approach to CO₂ mitigation is not uncontroversial. CCS is a proven but complex approach which still poses considerable challenges and risks in terms of technology, project management and finance. In terms of the global climate and energy debate, there is the policy consideration that any investment in fossil fuel power plant technologies might make this sector of power generation more ecologically acceptable and thereby prolong its lifespan. However, coal is currently dominant to an extent in the Chinese electricity sector at which a quick phase-out seems utterly unrealistic. All available low- and non-polluting technologies will likely have to be developed and deployed in parallel, if any realistic possibility to limit global warming to 1.5 or 2 degrees Celsius shall remain intact. To be noted that the promotion of CCS is official EU policy both internally as well as externally in dialogue with partners.¹³

2.4. Complementary actions

The proposed EU-China CCS cooperation offers a good platform to continue and deepen the NZEC cooperation in the mutual interest.

A good basis for the proposed action has been laid by EU-Chinese scientific cooperation on CCS so far, which centred on the STRACO (Support to Regulatory Activities for Carbon Capture and Storage) and COACH (Cooperation Action within CCS China-EU) projects. A European CCS Demonstration Project Network has been established by the European Commission in the framework of these projects to accelerate the deployment of safe, large-scale and commercially viable CCS projects.

Among international stakeholders, the ADB is the leading international financing institution on CCS in China, while the European Investment Bank has been involved in previous stages of NZEC and might re-enter the cooperation in phase NZEC III. The US also bilaterally cooperates with China on CCS.¹⁴ Coordination with CCS stakeholders will be ensured through the EU Delegation Beijing and headquarters.

Of particular relevance for this action is the UK CCS support for the Tianjin/Huaneng small scale project. In 2013, Chinese utility company Huaneng¹⁵ started preparations for a 60,000-100,000 ton CO₂/a CCS project at their new Integrated Gasification Combined Cycle (IGCC) power plant in Tianjin. A Memorandum of Understanding with the ADB foresaw that Huaneng would establish collaboration with Dagang Oilfield which belongs to the China National

¹³http://ec.europa.eu/clima/policies/lowcarbon/ccs/index_en.htm

¹⁴<http://www.state.gov/r/pa/prs/ps/2015/06/244169.htm>

<http://www.wri.org/blog/2016/03/us-china-clean-energy-research-center-works-carbon-capture-and-storage>

¹⁵With registered capital of 20 billion Yuan, the company is mainly engaged in the following business: development, investment, construction, operation and management of power sources; production and sale of power and heat; development, investment, construction, production, and sale of businesses and products related to finance, energy transportation, renewable energy, and environmental protection; industrial investment, operation and management. (source: <http://www.chng.com.cn/eng/n75861/n75925/index.html>)

Petroleum Corporation (CNPC) to sequester up to 20,000 tons in a depleted and retired oilfield and inject the remaining amount for enhanced oil recovery test. ADB agreed to provide \$800,000 from the UK CCS Trust Fund which it manages for the techno-economic and safeguard due diligence for the project. However, until now Huaneng and CNPC could not agree on the terms of collaboration to inject the CO₂ absorbed at the Tianjin site into one of their oilfields. In the meantime, the ADB has come up with policy recommendations on CO₂-enhanced oil recovery to the Chinese government and also on how to facilitate collaboration between power plant operators and oil fields. Given that it is quite common in China that a coal-power plant and an adjacent oilfield have different owners, it is important to address power-plant-oilfield cooperation structures in view of potential future projects. Resolution of the complex cooperation issues between the Huaneng utility and the oilfield owner will be a condition for the Huaneng/Tianjin project to go ahead to feasibility under this action. Should it emerge during this inception phase that the cooperation bears no fruits and that no perspectives exist for a feasibility study to be subsequently conducted, disengagement from activities in Tianjin under this inception phase would be duly considered.

3. DETAILED DESCRIPTION

3.1. Objectives

The overall objective of the project is to enhance cooperation with China on climate change by supporting the development of an environmentally sound carbon capture and storage technology, contributing to lower CO₂ emissions from China's coal-fired power generation sector.

The specific objectives of the project are to verify the existence of the necessary preconditions and prepare the ground for a possible EU involvement in phase IIB of the NZEC cooperation.

This will be achieved through the facilitation of EU-China sector dialogue on CCS and the formulation of detailed ToR and cost estimates for feasibility studies on the potential Chinese CCS sites of Shengli and Tianjin.

This inception phase will allow re-launching the EU-China CCS technical cooperation, as well as coordination with Chinese stakeholders and international donors in view of carrying out one feasibility study in the next phase of the EU China CCS cooperation, which is due to start in the end of 2017 on condition of a successful conclusion of the current project.

3.2. Expected results and main activities

This action aims to achieve the following *expected results*:

R1: Terms of Reference and detailed cost estimates for feasibility studies on potential Chinese CCS sites of Shengli and Tianjin are prepared.

R2: EU-China dialogue on CCS is re-launched.

R3: Support to the development of appropriate CCS accompanying measures in China is provided.

R4: Co-financing discussions with Chinese authorities, Chinese and international shareholders, stakeholders and donors on a feasibility study for the selected CCS site are conducted and a clear conclusion is drawn as to whether full financial coverage for launching a feasibility study exists.

These results will be achieved through the following *main indicative activities* implemented over 12 months:

Under R1:

- Elaboration of detailed ToR and cost estimates for feasibility studies for two CCS projects
- Drafting of a recommendation report containing a detailed logical framework for the suggested NZEC phase IIB (feasibility study)
- On the Tianjin Huaneng CCS pilot project, in-depth consultations to analyse if the existing cooperation issues can be overcome before start of a potential feasibility study

Under R2:

- Organisation of project steering committee meetings
- Organisation of separate NZEC steering committee meeting in China

Under R3:

- Organisation of expert dialogues between EU and Chinese CCS stakeholders to support development of accompanying measures such the CCS legislative and policy framework. In particular, the dialogues could refer to how CCS legislation and the normative and policy framework treat technical, environmental, health and public participation aspects of CCS.

Under R4:

- Organisation of co-financing discussions with Chinese authorities, Chinese and international shareholders, stakeholders and donors
- Elaboration of a possible co-financing plan for NZEC phase IIB based on the above discussion

3.3. Risks and assumptions

Risk	Risk level (H/M/L)	Mitigating measure
Overlaps with projects from other donors	L	Informal coordination with other donors to avoid overlaps; Organising a formal NZEC steering committee meeting to which other donor representatives will be invited.

Risk	Risk level (H/M/L)	Mitigating measure
Risk of lack of engagement by China	L	NZEC is an important part of EU-China climate cooperation and implementation of the June 2015 EU-China climate change statement. Progress is reported in the annual EU-China Bilateral Coordination meetings on climate change. The issue will further be addressed in high-level contacts between DG CLIMA and EUDEL Beijing with the Chinese authorities. A continuously low oil price (which makes EOR unattractive) could however limit Chinese engagement for CCS sector development in the short-term.
Risk of progressively appearing lack of interest by project owners	M	The oil-price issue is a possibly limiting factor also on the company level, and there is no mitigation action on this. However, Sinopec and Huaneng are recognized corporate leaders on CCS in China. There is a long-term engagement on the issue from both of them, evidenced by investments taken already until now. They are aware that sooner or later Chinese climate legislation will force them to take strong mitigation efforts and want to secure a commercial early mover advantage.
Risk of lack of interest by identified potential donors to discuss co-financing schemes	M	The UK and Norway are long-standing donors on CCS, which are interested in the sector due to climate and commercial interests (strong domestic fossil fuel and engineering industries). Both have repeatedly expressed their interest in cooperating with the EU on NZEC IIB. A co-financing package for one FEED study from Chinese, EU, UK and Norwegian sources is not unachievable in terms of volume. However, different financing schedules and procedures might make financing of a subsequent FEED-study difficult in practice.
Competence issues between NDRC ¹⁶ and MOST ¹⁷	L	While MOST was the main Chinese interlocutor in NZEC so far, as the cooperation moves toward implementation, responsibilities will shift towards NDRC. The risk here is unclear responsibility for the NZEC cooperation with the EU within the Chinese administration. However, the distinction between NDRC (sector policy and target setting) and MOST (applied research) is relatively clear. It is in the EU interest that MOST remains active in the NZEC cooperation.

¹⁶ NDRC: National Development and Reform Commission.

¹⁷ MOST: Ministry of Science and Technology

Risk	Risk level (H/M/L)	Mitigating measure
CCS is a complex process, entailing unforeseen technical and political developments and risks. For example, a major CO ₂ leak at any CCS pilot project could put the entire approach into question. Or the international movement for disinvestment from the fossil fuel sector could advocate to make any investment in coal projects from public funds in OECD countries unacceptable	M	In-built flexibility allows adapting the project to new requirements. Through an active information and press work from the EU DEL Beijing and the European Commission in Brussels, the cooperation with China shall be explained in a transparent manner. While CCS is not uncontroversial, the approach is until now vital in mid-century decarbonisation scenarios both in the EU and China.

3.4. Stakeholders

Main stakeholder is the Chinese government, represented by the Climate Change Department of National Development and Reform Commission (NDRC), which is, together with the Ministry of Science and Technology (MOST) also the main interlocutor for the EU side represented by the Commission (CLIMA, FPI) and EEAS (EU Delegation Beijing). Other interlocutors and counterparts to the EU are expected to be nominated by the Chinese government and will play important roles in specific aspects of the project.

In addition, other key stakeholders are the business and scientific community dealing with different aspects of CCS technology, as well as with related enhanced oil recovery (EOR).

The main EU and Chinese stakeholders in the bilateral climate change cooperation meet on an annual basis in the framework of the formal Bilateral Coordination Mechanism (BCM) meetings, which are held at senior official level. At the last BCM, the Chinese side confirmed its interest in the bilateral CCS cooperation described in this Action Fiche. The stakeholders are expected to up-date on the Action in the 2017 BCM, which will tentatively be held in Beijing.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Indirect management with an international organisation

This action may be implemented in indirect management with the Asian Development Bank (ADB) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. The ADB complies with the conditions of points (a) to (d) of Article 60(2) of Regulation (EU, Euratom) No 966/2012.

This implementation entails undertaking all necessary actions including the main indicative activities described above in section 3 to achieve the objectives and expected results of the project. This implementation is justified because of the specific technical competence of the ADB on CCS in China, its particular policy engagement and confidence with China on CCS as witnessed by the collaborative China-ADB 'Roadmap for Carbon Capture and Storage Demonstration and Deployment' and its on-going, relevant CCS cooperation with China funded by the UK.

By virtue of its longstanding experience on CCS in China, ADB offers a unique combination of technical expertise and contacts with relevant authorities in governments of partner countries, with businesses and other stakeholders in the field of CCS.

The entrusted entity would carry out the following budget-implementation tasks: procurement of technical expertise.

The Delegation Agreement will indicatively be concluded in the 4th quarter of 2016.

4.1.2. Changes from indirect to direct management mode due to exceptional circumstances

If the implementation modality of indirect management with international organisations identified in section 4.1.1 cannot be implemented due to circumstances outside of the Commission's control, it can be replaced with the alternative implementation modality in direct management, as follows:

Grants - direct award (direct management)

(a) Objectives of the grant

The project will be implemented exclusively through the signature of a grant agreement. As a result, objectives, expected results and main activities are those defined above under section 3.1 and 3.2. In particular, the specific objectives of the grant will be to verify the existence of the necessary preconditions and prepare the ground for a possible EU involvement in phase IIB of the NZEC cooperation.

(b) Justification of a direct grant

Under the responsibility of the Commission’s authorising officer responsible, in accordance with the provisions of article 190(1)(f) of the RAP, the grant may be awarded without a call for proposals to the Asian Development Bank (ADB). In the case where the grant is awarded directly to ADB, this will be justified by the Commission’s authorising officer responsible in the award decision, in line with Article 190(1)(f) of the RAP.

In fact, this action has specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power. As an international organisation, ADB has a longstanding experience on cooperation with China on CCS. ADB has contributed to the elaboration of the 'Roadmap for Carbon Capture and Storage Demonstration and Deployment' and currently manages the UK-CCS trust fund.

Consequently, ADB is best placed and constitute a logical choice for managing this complex and sensitive EU intervention. It offers a unique combination of technical expertise, longstanding contacts with relevant stakeholders and in particular with the government of China. In this respect, ADB benefits from all the necessary legitimacy vis-à-vis stakeholders and in particular with the public authorities of the partner country, which does constitute a key precondition to operate and cooperate in in China in such a sensitive matter such as CCS.

(d) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the action; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing is 100% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission’s authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to conclude the grant agreement

Indicatively, during 4th quarter of 2016.

4.2. Indicative budget

Method of Implementation	Amount in EUR million
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4.1.1. Indirect management ¹⁸ – with ADB	1
Totals	1

4.3. Performance monitoring

The day-to-day technical and financial monitoring of the implementation of the project will be a continuous process and part of the implementing partner's responsibility. To this end, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate progress and final reports.

The progress and final reports shall provide quantified and qualitative data in relation to the logical framework indicators which will include relevant indicators from the list of common Partnership Instrument indicators.

A Project Steering Committee will be established involving representatives of the Chinese government, the Commission (indicatively, DG FPI, CLIMA, ENER, RTD and JRC), EU Delegation China and the implementing partner.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

4.4. Evaluation and audit

For this action or its components, the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the "N+1" applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action.

4.5. Communication and visibility

Communication and visibility activities will be concentrated at the end of the current project, when the existence of the pre-conditions for a possible EU involvement in phase IIB of the NZEC cooperation will be clarified and a political decision on EU financing for one concrete feasibility study can be taken.

¹⁸ Alternatively, in accordance with section 4.1.2, method of implementation would be "direct management" through direct grant with ADB. Total amount of the EU budget contribution would be EUR 1,000,000.

All communication activities will respect the relevant EU visibility guidelines. All documentation and promotional material produced in the framework of the project shall bear the EU flag and mention that it is financed by the EU.